

### Title:

Shewaram v. Philippine Air Lines, Inc.: A Case on Extraordinary Diligence and Carrier's Liability

### Facts:

Parmanand Shewaram, the plaintiff, was a passenger of Philippine Air Lines, Inc. (PAL), the defendant, on a flight from Zamboanga City to Manila on November 23, 1959. He checked in three pieces of luggage, one of which was mistakenly tagged for Iligan instead of Manila, resulting in its misdirection. Upon arrival in Manila, Shewaram's suitcase was missing, and a claim was filed. The suitcase shown to him by PAL staff was denied by Shewaram for it contained items not belonging to him, including a pistol and lacked his belongings, notably a Transistor Radio 7 and a Rolleiflex camera, valued together at PHP 373.00.

The misdirected suitcase was later found in Iligan and sent to Manila, but the mentioned items were missing. PAL admitted a mistake in the tagging process but contended its liability should be limited per the tariff regulations and conditions of carriage, which Shewaram did not agree to upon purchase.

Proceeding from the Municipal Court of Zamboanga City to the Court of First Instance, and finally to the Supreme Court, Shewaram sought to recover the actual value of the lost items, asserting PAL's failure in exercising extraordinary diligence as a common carrier.

### Issues:

1. Whether or not PAL was bound to observe extraordinary diligence in the vigilance over Shewaram's luggage.
2. If PAL was found negligent, whether its liability should be limited to PHP 100.00 as stipulated in the tariff regulations and conditions of carriage.

### Court's Decision:

The Supreme Court affirmed the decision of the Court of First Instance, holding that PAL, as a common carrier, was bound to exercise extraordinary diligence. The court found PAL negligent, resulting in the loss of Shewaram's belongings. The court also held the claim that Shewaram should be bound by the liability limitation in the tariff regulations and conditions of carriage printed on the ticket stub to be invalid, given that these were not freely and fairly agreed upon by Shewaram, who neither signed the ticket nor was likely aware of such conditions due to their presentation. Consequently, PAL was ordered to pay Shewaram the value of the lost items amounting to PHP 373.00, along with legal interest and attorney's

fees, discarding the cap of PHP 100.00 as stipulated in the carriage conditions.

### ### Doctrine:

The Supreme Court reiterated the doctrine that common carriers are bound to observe extraordinary diligence over the goods they transport. Furthermore, liability limitations set by carriers are not binding unless these agreements are “reasonable and just under the circumstances and have been fairly and freely agreed upon” by the parties involved, as emphasized by Article 1750 of the New Civil Code.

### ### Class Notes:

- **Common Carriers:** Entities offering services of transport to the public must observe extraordinary diligence for the safety of the goods and passengers.
- **Limitation of Liability:** For a common carrier’s liability to be limited in case of loss, destruction, or deterioration of goods, the agreement must be made under reasonable and just circumstances and freely entered into by both parties, as per Article 1750 of the New Civil Code.
- **Carriers can not limit liability for negligence:** As established in *Ysmael and Co. vs. Barretto*, carriers cannot absolve themselves of liability due to their own or their employees’ negligence.
- **Article 1750, Article 1734, and Article 1735 of the New Civil Code** are central statutory provisions governing this case, highlighting the conditions under which common carriers operate and their responsibilities towards passengers and goods.

### ### Historical Background:

This case captures the evolving understanding and application of the obligations and liabilities of common carriers in the Philippines, particularly in how stipulations limiting carriers’ liability are interpreted by the courts. It underscores the principle of extraordinary diligence required from carriers by law and the protection of passengers and shippers from stipulations that unfairly limit carriers’ accountability, enhancing consumer protection in the transport sector.